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## **BIWEEKLY REPORT**

# **SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS**

EIC-WGR-1/32

29 April 1957

PREPARED BY THE WORKING GROUP  
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events  
12 - 25 April 1957

The most important Sino-Soviet Bloc activities in underdeveloped countries of the Free World during the period 12-25 April 1957 were the signing in Morocco of a 1-year trade agreement between the USSR and Morocco, the purchase by the USSR from Cuba of 150,000 tons of sugar, and the signing of a long-term trade agreement by Yugoslavia and the USSR.

The agreement between the USSR and Morocco replaces special provisions in previous agreements between France and the USSR. Fears that negotiations between Morocco and the USSR might lead to the immediate establishment of diplomatic relations with the USSR or to offers of Soviet aid apparently were ill-founded.

The USSR, with its most recent purchase of Cuban sugar, has now purchased in 1957 a total of 350,000 tons, valued at approximately US \$47 million. Cuban sales of sugar to the USSR below market prices are widely considered to contravene the spirit of the International Sugar Agreement and may make renewal of this agreement difficult.

With the signing of the 3-year agreement between Yugoslavia and the USSR, trade relations between these countries on a business basis seem assured. Soviet negotiators, however, have not altered their stand on the postponement of promised economic aid for large development projects.

Although numerous economic missions from the Sino-Soviet Bloc have visited Egypt in recent months, there is no evidence that the Bloc has granted substantial economic credits to Egypt. Bloc trade with Egypt, however, has risen sharply, and Bloc purchasers have taken about 50 percent of all Egyptian cotton exports so far during the current marketing year. Under the terms of a new protocol to the

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Polish-Egyptian trade and payments agreement, additional Polish industrial goods are to be shipped to Egypt.

In other areas of the Middle East the USSR signed a 3-year barter agreement with Iran rather than the usual 1-year agreement, and East Germany contracted to supply a complete cotton mill to the Sudan.

In South Asia it was revealed that, of the Soviet \$100-million loan to Afghanistan, \$8.6 million had been drawn by the end of 1956 and that much of this amount was used to pay the salaries of Soviet personnel involved in economic surveys.

In the Far East a group of Soviet scientists arrived in Burma to present scientific equipment and to lecture on the use of this equipment.

Since the upheaval of October 1956, Poland has made increasingly clear its intention of expanding exports of engineering products to underdeveloped countries of the Free World. Various types of engineering products have been contracted for delivery to Yugoslavia, India, Brazil, and Egypt, and bids have been submitted for large orders in Egypt and Turkey. Poland has recently sought to purchase large quantities of wheat from the Free World and lately signed an agreement with Canada for 300,000 tons of Canadian wheat.

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